

FOR YOUR INFORMATION


City of Cincinnati



Interdepartmental Correspondence Sheet

Date: May 27, 2014

To: Mayor and Members of City Council

From: Scott C. Stiles, Interim City Manager 

Subject: **2014 First Quarter Small Business Enterprise (SBE) Report**

Attached is the 2014 first quarter SBE Report. The quarterly SBE Reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to follow. The City's SBE annual categorical goals are 30% construction, 15% supplies/services and 15% professional services of the total dollars spent. Presently there are 445 certified Small Business Enterprises (SBEs) (including 17 Banks SBEs) in a pool of about 11,502 registered vendors, which compete for City business. The SBEs represent less than 4.0% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City accomplished spending 18.5% or \$10,359,363 with certified SBEs in this first quarter. The categorical breakout for spending equals 20.1% construction, 25.8% professional services and 9% supplies/services. The City's 2014 first quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 17.4% or \$5,661,153 overall. The categorical breakout for the Cincinnati jurisdiction equals 17.8% construction, 24.3% professional services and 9.9% supplies/services. (The distinguishing factor between Hamilton County and Cincinnati for reporting purpose is done by zip codes and not street addresses. Some zip codes have dual jurisdictions.)

The targeted group for the City Council adopted SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The City Council adopted SBE program is race and gender neutral. However, the City tracks and reports its expenditures with certified SBEs that have voluntarily provided information on race and gender through the SBE application process. The voluntary information vendors provide on race and gender is not verified.

In first quarter 2014, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$2,384,387 or 23.0%. The City's SBE spend with women SBEs in first quarter 2014 was \$2,259,737 or 21.8%¹. The first quarter 2014 City's SBE spend with African-American SBEs (Cincinnati's largest minority demographic group) was \$1,832,469 or 17.7%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. Again, the voluntary information vendors provide on race and gender is not verified because of the nature of the City's legal SBE program. These demographic comparisons are based upon total SBE spend and not Total spend².

¹ To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.

² Comparing demographic groups to total SBE spend shows how the various ethnic groups fare within the targeted SBE group. Comparing demographic groups to Total spend gives the perception that goals are race/gender based which is not the case, or it gives the perception that the City has a MBE/WBE program which it does not.

2014 First Quarter Certification

Certification is for two years at which businesses must renew their certification. If businesses do not renew, the certification expires. OCC received 52 SBE applications in first quarter 2014, some were first-time applicants and some were renewals. To date, OCC has 445 certified SBEs (including 17 Banks SBEs) in the data base.

The Office of Contract Compliance recently purchased a new certification on-line system, B2Gnow. This system is being used by multiple cities throughout the nation (Cleveland, Chicago, Louisville, Denver and Philadelphia, to name a few) and should provide a more efficient process for applicants seeking certification with the City of Cincinnati. It is anticipated that the system should be fully installed by September.

2014 First Quarter Outreach Highlights

The Diversity Study kickoff was the big outreach event that OCC implemented in the first quarter. Mason Tillman Associates, LTD, the selected national consulting firm met with stakeholders and SBEs at the Urban League of Greater Cincinnati this past March. Mason Tillman provided an overview of the Disparity Study process planned for Cincinnati, its success with conducting such studies for other governmental agencies and answered questions. OCC orchestrated Mason Tillman's presentation before the Education and Entrepreneurship Committee and its meeting with the Mayor, City Manager and other City representatives that same day.

The OCC's multi-year television show, *Government and Small Business*, airs six days a week on CitiCable. This programming provides useful information to, for and about small businesses. This was the case during the first quarter. Maria Gracia Di Pasqual of the USA Regional Chamber was a guest on the show and she spoke about the Chamber's major initiative of "Diverse by Design". In an effort to brand our region as an attractive place to live, work and play, as we compete against other regions for companies, conferences, personnel, students, etc., the USA Regional Chamber with many partners including corporate, nonprofit organizations and the government are drafting a strategy or identifying things needed to accomplish this great task. OCC, a supportive partner with this effort found it fitting to bring more awareness by having Ms. Di Pasqual as a guest to speak about the successes achieved thus far and the work ahead in building the infrastructure and culture to support a region that is accepting and open to cultural and ethnic differences. In addition, the Greater Cincinnati Foundation was featured during the first quarter as well.

2014 First Quarter SBE Spend Report

The 2014 first quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend. The SBE spend report provides information broken down by geographical boundaries and categories representing the spending activity by the City with certified SBEs. The City's SBE annual categorical goals are 30% construction, 15% professional services and 15% supplies/services. There are no quarterly goals.

The data is generated from the Cincinnati Financial System (CFS) using object codes and the current on-line tracking system of SubConTrak. The SubConTrak system (The B2Gnow system will replace the SubConTrak system soon.) is an automated technically coded tracking system that captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect spend happens when payment is made to a certified SBE through a subcontracting scenario. The first quarter SBE vendor spend for construction is 20.1%, 25.8% for professional services and 9.0% for supplies/services. The quarterly SBE reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to

follow.

2014 First Quarter SBE Spend Report by Race and Gender

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application. Race and gender information provided by businesses is not confirmed because the City Council adopted SBE Program is race and gender neutral.

Conclusion

The quarterly reports are a snapshot of how the City is doing in reaching the annual categorical goals. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the annual categorical goals of 30% construction, 15% professional services and 15% supplies/services. The information gathered each quarter is used to strategize for the coming months in meeting and/or exceeding the annual categorical goals.

This quarter saw some significant increases in SBE spend for the Health, Law, Human Resources and Recreation departments. Two of the before-mentioned departments, Health and Recreation worked closely with the inclusion consultant to increase their SBE expenditures. The SBE construction category of 20.1% was low this first quarter. While the Recreation department's expenditures with SBEs in this category increased, one of the departments, Trade & Development, which usually has a very high SBE construction percentage experienced a SBE construction percentage spend decrease. This was related to a special deal structure for the Broadway Square project where over \$8.9 million was placed in an escrow account. By placing money in the escrow account, it shows money (in the tracking system) presently going to a non-SBE. This represents 61% of the department's first quarter construction spend. However, the development agreement does include a provision where the developer is to take affirmative steps to achieve the City's aspirational goal of 30%. Therefore, the SBE spend percentage for this department may improve in the following quarters.

All departments are being very cooperative and pro-active in meeting the City's SBE goals. It is believed that this trend will continue.

C: Rochelle Thompson, Contract Compliance Officer 

Attachments: City of Cincinnati SBE Spend, Attachment I
City of Cincinnati Demographic Spend to total SBE Spend, Attachment II
City of Cincinnati Demographic Spend to Total Spend, Attachment III³
City of Cincinnati Department's SBE Spend, Attachment IV
OCC 2014 Outreach Calendar, Attachment V⁴

³ Comparing demographic groups to total SBE spend shows how the various ethnic groups fare within the targeted SBE group. Comparing demographic groups to Total spend gives the perception that goals are race/gender based which is not the case, or it gives the perception that the City has a MBE/WBE program which it does not.

⁴ Subject to change as more events come on line.

City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures*
Between 1/1/2014 and 3/31/2014

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$7,626,817	\$30,276,968	\$37,903,785	20.1%
Prof Services	\$1,706,803	\$4,906,022	\$6,612,825	25.8%
Supplies/Services	\$1,025,743	\$10,348,598	\$11,374,341	9.0%
GRAND TOTAL	\$10,359,363	\$45,531,588	\$55,890,951	18.5%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$4,122,104	\$19,000,743	\$23,122,847	17.8%
Prof Services	\$1,027,085	\$3,201,488	\$4,228,573	24.3%
Supplies/Services	\$511,965	\$4,677,708	\$5,189,673	9.9%
GRAND TOTAL	\$5,661,153	\$26,879,939	\$32,541,092	17.4%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$7,626,817	\$33,110,257	\$40,737,074	18.7%
Prof Services	\$1,706,803	\$7,413,809	\$9,120,612	18.7%
Supplies/Services	\$1,025,743	\$19,112,050	\$20,137,793	5.1%
GRAND TOTAL	\$10,359,363	\$59,636,115	\$69,995,478	14.8%

Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

*** MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures*
Between 1/1/2014 and 3/31/2014

SBE Minority/Female Spend in Hamilton County																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$916,864	12.0%	\$302,125	4.0%	\$40,375	0.5%	\$0	0.0%	\$1,259,364	16.5%	\$1,345,968	17.6%	\$4,937,950	64.7%	\$83,534	1.1%	\$7,626,817
Prof Services	\$710,335	41.6%	\$200,768	11.8%	\$7,450	0.4%	\$0	0.0%	\$918,553	53.8%	\$346,466	20.3%	\$412,223	24.2%	\$29,561	1.7%	\$1,706,803
Supplies/Services	\$205,270	20.0%	\$1,200	0.1%	\$0	0.0%	\$0	0.0%	\$206,470	20.1%	\$567,303	55.3%	\$244,020	23.8%	\$7,950	0.8%	\$1,025,743
GRAND TOTAL	\$1,832,469	17.7%	\$504,093	4.9%	\$47,825	0.5%	\$0	0.0%	\$2,384,387	23.0%	\$2,259,737	21.8%	\$5,594,193	54.0%	\$121,046	1.2%	\$10,359,363

SBE Minority/Female Spend in Cincinnati																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$817,259	19.8%	\$35,320	0.9%	\$40,375	1.0%	\$0	0.0%	\$892,954	21.7%	\$182,520	4.4%	\$3,046,629	73.9%	\$0	0.0%	\$4,122,104
Prof Services	\$466,236	45.4%	\$132,551	12.9%	\$0	0.0%	\$0	0.0%	\$598,787	58.3%	\$227,855	22.2%	\$170,882	16.6%	\$29,561	2.9%	\$1,027,085
Supplies/Services	\$143,214	28.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$143,214	28.0%	\$283,262	55.3%	\$77,539	15.1%	\$7,950	1.6%	\$511,965
GRAND TOTAL	\$1,426,708	25.2%	\$167,871	3.0%	\$40,375	0.7%	\$0	0.0%	\$1,634,955	28.9%	\$693,637	12.3%	\$3,295,051	58.2%	\$37,511	0.7%	\$5,661,153

SBE Minority/Female Spend regardless of Location																	
Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared		Total SBE Vendors
Construction	\$916,864	12.0%	\$302,125	4.0%	\$40,375	0.5%	\$0	0.0%	\$1,259,364	16.5%	\$1,345,968	17.6%	\$4,937,950	64.7%	\$83,534	1.1%	\$7,626,817
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This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

Companies race/gender status is subject to changes based upon a change in ownership or change in reported information by company.

* MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance

Information on race/gender is not verified or confirmed. The City's SBE Program is race/gender neutral.

Total City of Cincinnati Spend - SBE Demographic Breakdown - Excludes MSD Expenditures*
Between 1/1/2014 and 3/31/2014

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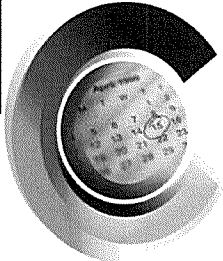
**City of Cincinnati Small Business Enterprise Program
Performance for Hamilton County Spend**

Period:	Jan 2014-March 2014													
			Construction			Professional Services			Supplies/Services			Total		
	Department #	Department	SBE Spend	Total Spend	SBE %	SBE Spend	Total Spend	SBE %	SBE Spend	Total Spend	SBE %	SBE Spend	Total Spend	SBE %
	090/091	ETS	\$105	\$105	100.0%	\$12,310	\$226,241	5.4%	\$53,843	\$494,294	10.9%	\$66,258	\$720,640	9.2%
	100	City Manager	\$11,464	\$5,979,103	0.2%	\$121,335	\$279,430	43.4%	\$23,009	\$981,899	2.3%	\$155,808	\$7,240,432	2.2%
	110	Law	\$0	\$1	0.0%	\$6,181	\$8,991	68.7%	\$270	\$6,451	2.1%	\$6,451	\$21,705	29.7%
	120	Human Resources	\$0	\$1	0.0%	\$6,563	\$11,860	55.3%	\$135	\$1,364	9.9%	\$6,698	\$13,225	50.6%
	130	Finance	\$0	\$1	0.0%	\$3,736	\$108,909	3.4%	\$35,590	\$786,470	4.5%	\$39,326	\$895,380	4.4%
	160	Trade & Development*	\$962,714	\$14,183,073	6.8%	\$7,593	\$153,982	4.9%	\$380,080	\$431,100	88.2%	\$1,350,387	\$14,768,155	9.1%
	170	Planning & Buildings	\$0	\$1	0.0%	\$28,171	\$58,140	48.5%	\$15,965	\$26,218	60.9%	\$44,136	\$84,359	52.3%
	180	Citizen Complaint & Internal Audit	\$0	\$0	0.0%	\$0	\$1	0.0%	\$95	\$520	18.3%	\$95	\$521	18.2%
	190	Recreation	\$654,895	\$1,497,858	43.7%	\$6,846	\$71,223	9.6%	\$32,349	\$162,192	19.9%	\$694,090	\$1,731,273	40.1%
	200	Parks	\$342,284	\$505,641	67.7%	\$56,884	\$579,605	9.8%	\$36,131	\$126,867	28.5%	\$435,299	\$1,212,113	35.9%
	220	Police	\$0	\$1	0.0%	\$5,325	\$103,435	5.1%	\$111,391	\$734,983	15.2%	\$116,716	\$838,419	13.9%
	224 & 270	Fire	\$0	\$1	0.0%	\$9,524	\$36,676	26.0%	\$19,589	\$150,783	13.0%	\$29,113	\$187,460	15.5%
	230	Transportation & Engineering	\$1,960,837	\$5,581,065	35.1%	\$53,481	\$288,556	18.5%	\$15,598	\$58,690	26.6%	\$2,029,916	\$5,928,311	34.2%
	250	Public Services	\$218,900	\$1,768,352	12.4%	\$212,347	\$869,268	24.4%	\$44,404	\$4,295,054	1.0%	\$475,651	\$6,932,674	6.9%
	260	Health	\$6,841	\$8,496	80.5%	\$82,427	\$448,849	18.4%	\$125,359	\$508,100	24.7%	\$214,627	\$965,445	22.2%
	300	Water Works	\$3,375,803	\$7,680,805	44.0%	\$375,462	\$983,398	38.2%	\$128,851	\$2,469,728	5.1%	\$3,880,116	\$11,133,931	34.8%
	400	MSD	\$1,377,328	\$3,782,074	36.4%	\$1,820,055	\$8,512,533	21.4%	\$311,919	\$2,698,477	11.6%	\$3,509,302	\$14,993,084	23.4%
												\$0	\$0	
	240**	Enterprise Services	\$92,975	\$642,150	14.5%	\$718,620	\$2,361,435	30.4%	\$2,966	\$92,582	3.2%	\$814,561	\$3,096,167	26.3%

*Trade and Development's special deal structuring for the Broadway Square development negatively impacted its 1st quarter numbers.

****Non-City Depts.**

2014 Outreach Calendar, Attachment V

Date	Partnerships for Events	Events	Partnerships for Training	Training	Newsletter/Communications	TV. Show- Govt & Small Business-Channel 23 (CitiCable)
Jan.						Greater Cincinnati Foundation
Feb						Diverse by Design
March	Mason Tillman	Disparity Study Kickoff - Urban League				Diverse by Design
April	1. Northern Kentucky Chamber; SBA Messer	1. NKY Diversity Exchange; 2. Ohio Business Match Maker 3. Police District Three Mixer	3. Ohio Department of Commerce, U.S. Dept. of Labor, MSD	Prevailing Wage Training for vendors and staff		MSD Opportunities
May	1. Mason Tillman; 2. City of Columbus 3. NKY Chamber	1. Disparity Study Business Meetings; 2. We Mean Business 3. NKY Chamber Chance to Meet	ACF Enterprises LLC	SBE Sustainability Education Program		The Voice of Your Customer
June			ACF Enterprises LLC	SBE Sustainability Education Program	<i>Small Business Matters</i>	World Wide Graphic & Sign Company
July			ACF Enterprises LLC	SBE Sustainability Education Program		MRO Express
August		TBD				Environmental & Safety Solutions, Inc.
Sept.		TBD				TBD
Oct.		TBD				TBD
Nov.						TBD
Dec.		TBD			<i>Small Business Matters</i>	TBD